

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Brockton Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2018
DATE: December 12, 2016

Required Fiscal Year 2018 Appropriation: **\$25,014,425**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2018 which commences July 1, 2017.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2018 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Buck Consultants as part of their January 1, 2016 actuarial valuation.

The current schedule is/was due to be updated by Fiscal Year 2019.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl
Attachments

cc: Office of the Mayor
City Council
c/o City Clerk

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Brockton Retirement Board

Projected Appropriations

Fiscal Year 2018 - July 1, 2017 to June 30, 2018

Aggregate amount of appropriation: **\$25,014,425**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2018	\$34,462,763	\$24,941,989	\$72,436	\$25,014,425	\$25,014,425	0	\$9,448,338
FY 2019	\$35,137,033	\$25,957,216	\$72,436	\$26,029,652	\$26,029,652	\$0	\$9,107,381
FY 2020	\$35,824,787	\$27,014,218	\$0	\$27,014,218	\$27,014,218	\$0	\$8,810,569
FY 2021	\$36,526,297	\$28,114,733	\$0	\$28,114,733	\$28,114,733	\$0	\$8,411,564
FY 2022	\$37,241,837	\$29,260,571	\$0	\$29,260,571	\$29,260,571	\$0	\$7,981,266

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

Schedule D - Valuation Results by Group - Breakouts

	Total	All Others/City of Brockton	Brockton Redevelopment Authority	Brockton Housing Authority	Brockton Area Transit
(1) Participants					
(a) Actives	1,756	1,679	4	65	8
(b) Retirees and Beneficiaries	1,083	1,034	4	44	1
(c) Vested	0	0	0	0	0
(d) Inactive (Refund)	502	495	2	4	1
(e) Disabled Retirees	<u>187</u>	<u>183</u>	<u>1</u>	<u>3</u>	<u>0</u>
(f) Total	3,528	3,391	11	116	10
(2) Payroll of Active Participants	89,738,426	85,259,255	248,574	3,734,913	495,684
Percent of Total Payroll	100.00%	95.01%	0.28%	4.16%	0.55%
(3) Normal Cost					
(a) Total Normal Cost	13,252,326	12,717,420	34,566	444,830	55,510
(b) Expected Employee Contributions	7,950,691	7,553,843	22,023	330,908	43,917
(c) Administrative Expenses	<u>680,000</u>	<u>652,553</u>	<u>1,774</u>	<u>22,825</u>	<u>2,848</u>
(d) Net Employer Normal Cost (a) - (b) + (c)	5,981,635	5,816,130	14,317	136,747	14,441
(4) Actuarial Accrued Liability	590,910,301	565,008,970	1,241,054	22,736,721	1,923,556
(5) Assets*	<u>380,329,008</u>	<u>370,322,842</u>	<u>448,531</u>	<u>8,217,314</u>	<u>1,340,321</u>
(6) Unfunded Actuarial Accrued Liability (4) - (5)	210,581,293	194,686,128	792,523	14,519,407	583,235
(7) Amortization of unfunded accrued liability	14,452,261	13,361,370	54,391	996,472	40,028
(8) ERI	69,703	0	0	69,703	0
(9) Total Required Employer Contributions (3d) + (7) + (8)	20,503,599	19,177,500	68,708	1,202,922	54,469
(10) Fiscal 2017 Cost	21,207,788	19,692,242	123,616	1,346,579	45,351
(11) Fiscal 2017 Cost - Assuming late payment for Housing	21,261,651	19,692,242	123,616	1,400,442	45,351
(12) Percentage of total					
2018 Normal Cost	6,151,322	5,981,121	14,723	140,627	14,851
2018 ERI	69,703	0	0	69,703	0
2018 Amortization of unfunded accrued liability	17,857,460	16,509,537	67,206	1,231,258	49,459
(13) Fiscal 2018 Cost	25,014,425	23,364,307	85,143	1,498,142	66,833
(14) Fiscal 2018 Cost - Assuming late payment for Housing	25,074,351	23,364,307	85,143	1,558,068	66,833
(15) Percentage of total	100.00%	93.40%	0.34%	5.99%	0.27%

* Allocation of assets based on the ratio of the Actuarial Accrued Liability, adjusted by a credit of \$166,122,062 for the City of Brockton and the 1/1/2008 transfer of assets for the BAT of \$264,995. See page 30 for more detail on this allocation.